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SUBJECT: GOVERNMENT ISSUES STATEMENT SUPPORTING CHARGES
AGAINST OKRUASHVILI

REF: A. TBILISI 2437

[B](#). TBILISI 2483

[C](#). TBILISI 2542

[1](#). (U) Summary: On October 16 the Government of Georgia released an "information note" setting out the legal basis for charges against former Defense Minister Irakli Okruashvili and his subsequent bail. The note explains the investigation and evidence for allegations of abuse of power and official negligence, extortion of a bribe and money laundering. The note describes Okruashvili's interrogation and October 7 guilty plea on two charges, official negligence and extortion of a bribe. The note details Okruashvili's medical examination which found him in good health. It asserts the prosecutors' and judicial system's commitment to transparency and respect for due process in this case. End Summary.

Charges and Evidence Against Okruashvili

[2](#). (U) The October 16 information note released by the Government of Georgia sets out the legal basis for charges against former Defense Minister Irakli Okruashvili. Okruashvili was arrested on September 27 following a lengthy investigation by the Office of the Prosecutor General in cooperation with the Ministries of Finance and Defense, as well as the Chamber of Control. On September 28, the Tbilisi City Court ordered Okruashvili to be held for two months in pretrial detention to prevent the risk of flight, the destruction of evidence, and attempts to influence witnesses. Later, Okruashvili was released on bail and has been living in Tbilisi. He has made no further statements since his release. A brief summary of the government's charges and evidence follows.

Abuse of Power and Official Negligence

[3](#). (U) As stated in the information note, these charges are connected to a series of alleged abuses of the Ministry of Defense procurement process with the goal to enrich Okruashvili and his associates. They primarily relate to the illegal procurement of aviation fuel for the MOD; overcharges in the procurement of ammunition; and embezzlement related to contracts to build and refurbish the Gori and Senaki military bases. Mr. Okruashvili pleaded guilty to the charge of official negligence only.

[4](#). (U) Evidence for these charges is based on a three month inspection between September-December 2006 at the MOD that allegedly uncovered misuse of public funds. On the aviation

fuel purchase, the MOD bought 4000 tons of aviation fuel at USD 725.7 per ton from Transport and Development, LTD., a company controlled by Kibar Khalvashi, a close friend of Okruashvili. This purchase was done despite an existing contract between the MOD and Aviasatsvavservisi, which provided aviation fuel at USD 673 per ton. The Prosecutor General also found that in December 2005, the Head of the MOD Procurement Department, Iason Chikhladze, a longtime associate of Okruashvili, purchased ammunition that was virtually useless at a price ten times higher than the quality warranted. On the charge of embezzlement related to construction of the military bases, Okruashvili requested the Ministry of Economic Development negotiate directly with the newly established International Building Company (IBC), a company with no prior construction experience but that was owned by close friends of Okruashvili. Prosecutors claim Okruashvili did this to gain advantage over competitors and to safeguard the interests of his friends at IBC. IBC won the GEL 132 million contract. Over GEL 300,000 was allegedly embezzled from expenses for the refurbishment of the Senaki base.

Extortion of a Bribe

15. (U) This charge relates to the extortion of 2.5 percent of the shares of Geocell, the second largest mobile phone company in Georgia, from a former Member of Parliament, Jemal Svanidze. Okruashvili pleaded guilty to these charges.

16. (U) Okruashvili and President Saakashvili's Parliamentary Secretary, Dmititri Kitoshvili, allegedly threatened Svanidze

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with government-created problems for his business, and arrest, if he did not sell the shares to Kitoshvili for a price far below their market value. Okruashvili confessed to

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this extortion attempt and Svanidze and Kitoshvili also testified to it.

Money Laundering

17. (U) This charge was brought because of the April 2007 purchase for USD 1.8 million of a building located in Tbilisi by Okruashvili, four public officials who are his close associates, and five friends or relatives. The price paid for the building, according to the purchase and sale contract, was only USD 250,000. Mr. Okruashvili has pleaded not guilty to this charge.

18. (U) Evidence of money laundering during the purchase of the building by Okruashvili and ten associates for only USD 250,000 was given by Teimuraz Gogitidze, an employee of Okruashvili in 2002 at the Ministry of Justice, who negotiated the purchase of the property from the owner, Koba Amirejibi. Both testified the actual selling price of the building was USD 1.8 million, and that the contract falsely listed the sale at USD 250,000. Records at the Bank of Georgia indicate the mortgage and interest of USD 697,000 was later paid in cash by Mr. Gogitidze, who testified he received USD 1.75 million in cash directly from Okruashvili to pay for the purchase. Okruashvili's personal worth was allegedly not enough to cover even the fictitious USD 250,000 price of the building.

Entering the Guilty Plea

19. (U) On October 7 Okruashvili pleaded guilty to charges of extortion of a bribe and official negligence (committed

during his capacity as Minister of Defense that caused material damage to the State), as recorded by the Office of the Prosecutor General during his interrogation. He confirmed his guilty plea in an open court hearing on October 18. Both statements were made in the presence of his lawyer.

110. (U) The information note details the extent to which prosecutors went to confirm Okruashvili's confessions were not made under duress or other illegal form of pressure or influence. These include videotaping the confessions from three angles and medical examinations of Okruashvili by both the Medical Division of the Ministry of Justice's Penitentiary Department and six independent medical doctors. Okruashvili was found to be in good health with no signs of bodily injury and no presence of narcotic or psychotropic drugs in his system. He signed the medical examination records.

111. (U) The note outlines the October 8 setting of bail for Okruashvili at 10 million Lari (6 million US) and Mr. Okruashvili's payment on October 9, partially in funds and partially in real estate. The note concludes with a commitment of prosecutors and the judicial system to meet the highest legal standards and says the case of Okruashvili will continue with the utmost fairness, transparency and respect for due process consistent with Georgian legislation.

Comment

112. (SBU) The government's note recapitulates information that has largely been reported in the press and adds little, if any new information. It is unlikely to mollify or persuade any of Okruashvili supporters, who are convinced that Okruashvili's statements were made under duress. Both Okruashvili and his supporters have been remarkably quiet since his dramatic televised confession. How many such supporters there actually are, and whether they will emerge in the future, is difficult to gauge.

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